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Venezuela

Post: Caracas

Venezuela Food Inflation

Report Categories:

Agriculture in the Economy

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Report Highlights:

According to leading analysts, food inflation rose 2.3 percent in July, a significant month-to-month increase. Accumulated inflation in the first six months of 2009 stood at 10.8 percent, while the year-to-year inflation rate is 26.8 percent in 2009.

General Information:

Food Inflation

Unlike recent months, when food costs did not see major changes (1.5 percent between February and June), food is again placed among the most inflationary items, with a July increase of 2.3 percent.

According to the Centro de Documentación y Análisis Social de la Federación Venezolana de Maestros, CENDA, the basic food basket alone registered an increase of 1.8 percent during July. The largest increases occurred in roots and tubers (7.4 percent), seeds and oilseeds (6.2 percent), and fruit and vegetables (3.8 percent). CENDA reports that the year-to-year food inflation rate is 20.8 percent.

Disruption of food products

In July, six products from the basic food basket had supply problems: canned sardines, margarine, sugar, peas, lentils and coffee. Some 16 of the 56 products of the basic food basket are affected by price controls and have an average inflation of 44.7 percent above the controlled prices established in the Official Gazette.

In the case of sugar, the controlled price per kilogram is Bs. 1.9, although in reality, in July the price reached four bolivars per kilogram. Although meat and beef are regulated at Bs. 11.9, their actual cost in July was Bs. 18.4. In the case of steak, the regulated price is Bs. 17.6, but the market price in July was Bs. 27.2 per kilogram.

Poultry, which is regulated at Bs. 8.39, was on the market for Bs. 9.38 per kilogram. Bologna and pork have been removed from control price list and now cost Bs. 12 and Bs. 24.8, respectively. Canned sardine is regulated at Bs. 1.55, but its market price was Bs. 3.9.

Source: Local media reports and analytical reports